

# Distributive effects of defined benefit public pension systems: The case of Austria

Wolfgang Nagl

IHS Wien

## **Abstract:**

We investigate redistribution along the intergenerational and intragenerational dimension within the Austrian defined benefit public pension system. To identify redistribution we calculate internal rates of return for the birth cohorts of 1937 to 1946 using administrative data of new pensioners from the period 2001 to 2011. We find that redistribution is more pronounced along the intragenerational dimension as along the intergenerational dimension. Within cohorts redistribution goes towards females and low-income earners. Furthermore we provide two additional simulation exercises. first, we show that intragenerational redistribution is substantially reduced when income-specific life expectancies are considered. Second, we show that redistribution along both dimensions is reduced under the new Austrian pension legislation since 2005 in which the whole employment careers are considered as a reference period.